

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0804-01  
Bill No.: HB 334  
Subject: Education, Elementary and Secondary: Recalculated Levy  
Type: Original  
Date: January 22, 2001

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
State School Moneys	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

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**FISCAL ANALYSIS**

## ASSUMPTION

Officials from the **State Tax Commission** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there would be no additional increased state or local cost from making the reassessment add-on permanent. However, there would be no decrease in cost in the future since the add-on would not be removed in some future year.

Regarding the change in Line 14, for FY 02, approximately 125 districts would benefit from this change at an approximate state cost of \$2 million. A similar fiscal impact is assumed for FY 2003 and FY 2004.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Cost</u> - Increased transfers to State School Moneys Fund	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$2,000,000)</u></b>	<b><u>(\$2,000,000)</u></b>	<b><u>(\$2,000,000)</u></b>
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Income</u> - Transfers from General Revenue Fund	\$2,000,000	\$2,000,000	\$2,000,000
<u>Cost</u> - Distributions to School Districts	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>SCHOOL DISTRICTS</b>			
<u>Income-School Districts</u> State Aid	<b><u>\$2,000,000</u></b>	<b><u>\$2,000,000</u></b>	<b><u>\$2,000,000</u></b>

## FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This proposal would remove the exceptions regarding tax rate adjustments due to reassessment from the calculation of school district state aid.

An increase in the payment amount of line 14 (a) of the school foundation formula would be made by DESE, if needed, to ensure that a school district would receive no less total revenue from lines 14 (a) and 14 (b) than the district would receive if it levied an operating levy no greater than \$2.75 per one hundred dollars assessed valuation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
State Tax Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett", with a stylized, cursive script.

Jeanne Jarrett, CPA  
Director  
January 22, 2001